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# Why We Can't Catch More Spies

by William McGowan

**A**s intelligence officials picked through the evidence of the Walker spy ring, there was disagreement over the extent of the damage. On one point, however, agreement was widespread: the system for keeping alleged spies such as John Walker Jr. and his accomplices away from the nation's defense secrets is alarmingly weak.

This was not a case of Russians breaking into locked file drawers with hacksaws. The three principals in the case—Walker, his brother, Arthur, and James Whitworth—all had received "top secret" clearances to view information like that in question. John's son, Michael, who was also involved, held a "secret" level clearance. The Walker case is just one of many in recent years in which individuals fully certified by the federal government for access to sensitive defense data, have been caught selling that information to the Soviets.

The clearance process is supposed to weed out such spies. But as is by now amply clear, the process is breaking down, primarily for one reason: "Numbers are overwhelming the whole system," says Senator Sam Nunn of Georgia. Specifically:

- Too much paper in the federal government is being classified as containing "national security secrets."
- Too many federal employees are getting clearances to handle all this paper.
- As a result, the government is spending too much time investigating people before they are hired and not enough time doing periodic checks of people already on the job and actually handling sensitive material.

Imagine trying to do a background investigation on every resident of the city of Chicago; throw in Boston and San Francisco for good measure, and you have some idea of the magnitude of the problem. Making matters worse, the quality of the staff conducting these clearance investigations has diminished in recent years; for this and other reasons, clearance checks are not

as thorough as they should be.

As the national media seized upon the Walker case, officials all over Washington were bemoaning the security breakdown. Senator David Durenberger, chairman of the Senate Intelligence Committee, expressed the view of a number of his colleagues when he called upon the Reagan administration to "cut in half the amount of information we classify and cut by more than half the number of people who have access to it." Even the Reagan administration has conceded that there might be a problem.

There has been much less discussion, however, of how the clearance process came to be so overloaded. A tendency to push for too much classified paper and too many clearances is virtually built into the federal bureaucracy. Unless official Washington comes to grips with these measures, its stern resolutions about cutting the number of clearances will amount to so much hot air. The record of the Reagan administration has not been encouraging. Far from resisting the bureaucracy's inclination to excess, the Reagan administration has reinforced it.

## Too many cooks

The first problem with the clearance system is that it is so diffuse. Thousands of officials scattered throughout the federal government decide what documents need to be classified as defense secrets, and thousands of others decide who needs to be cleared for access to this paper. The Defense Investigative Service of the Department of Defense conducts most of the security investigations, since most of the clearances are issued by that department. The Office of Personnel Management (OPM) handles clearances for the civilian agencies, primarily the Department of Energy, which does nuclear-related work. The FBI takes care of high-level political appointees, White House staff, and selected employees of the federal courts and congressional committees. The Central Intelligence Agency, the National Security Agency, the State Department, the Secret Service, and several other agencies do their own security clearances.

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There is bickering among the different agencies over standards and techniques for conducting security clearances. Calls to centralize the process have gotten about as far as the perennial proposal to reduce the number of congressional committees. But the greater problem is, simply, the incredible workload. At present more than half of the 5.6 million federal employees hold clearances, while another 1.4 million workers for defense contractors hold them as well. That's a total of more than 4.2 million, up from 3 million as recently as 1979.

"The requests for clearances have been increasing like crazy the last couple of years," Britt Snider, director of counterintelligence and security policy at the Defense Department, told *The New York Times*. Last year the government tried to handle more than 200,000 new top secret clearances—a 50 percent increase since the mid-seventies—as well as 700,000 lower-level, secret, clearances for the Defense Department and military contractors alone. The Defense Department, which conducts the vast majority of clearance checks, has only about 1,500 investigators in the field, and these officials also are trying to keep an eye on people, such as the Walkers, who have already gone through the process.

The crunch starts with paper. The government classifies purportedly sensitive information into four categories: confidential, secret, top secret, and sensitive compartmented information. An employee must undergo security clearances that are, in theory, progressively more rigorous the higher the level of classified information he is to have

access to.

The confidential category has become so over-used—and meaningless—that the government permits defense contractors to administer this designation themselves. A secret clearance involves what is called a "national agency check," which is little more than most of us would expect when we open a charge account—a check for a criminal record, credit rating, and the like. Clearances at the two top levels, by contrast, involve full-scale investigations, including interviews with past employers and associates going back as far as 15 years.

The more government documents that are classified, and the higher the levels, the more work it makes for the agencies that clear people to deal with that information. By most accounts, the process of classifying information has gotten completely out of control. "A tremendous amount of material that gets classified is meaningless," says a staff member of the House Government Information Subcommittee. "They classify almost anything—routine administrative stuff...roadmaps... It's hard to find something that can't be classified."

Consider the party that a high-ranking U.S. military officer scheduled for himself while visiting abroad. The plans for the party were classified, according to a 1981 General Accounting Office report, lest they fall into the hands of our enemies. Or consider the classification of this assertion, made in a Pentagon document: The mission of the U.S. Air Force is "to deter aggression and defeat it should aggression occur." In April, the *Los Angeles Times* cited an interview

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with one Ben Rich, a Lockheed executive who oversees the production of military aircraft. "Every day they count the cars in my parking lot," Rich said, referring to Soviet observation satellites that fly over the Los Angeles area each day. The *Times* asked Rich how many cars were in the lot. "I can't tell you that. It's a secret," he replied.

There are a host of reasons for the tendency to classify too much paper. Some on Capitol Hill accuse the Pentagon of classifying weapons programs to avoid an intense budget review. "They are throwing a lot of things under the national security umbrella just to prevent a rigid congressional review and [to escape the need] to present budget numbers publicly," Anthony Battista, a top congressional staff expert on the Pentagon, told the *Times*. Even Melvin Laird, who was secretary of defense under Nixon, has confirmed delicately that "sometimes there is a tendency" to use classification to avoid close scrutiny by Congress.

Similarly, the military has been accused of masking faulty weapons with the label "secret." "We find it is usually the case that the worse the news is on a particular weapons system, the higher the level of classification," says a House staff member who specializes in military matters. For example, when the Aegis advanced radar system performed poorly in operational tests, the Navy classified the results. When the Aegis performed better at a later date, the information was made available to the public. "When it's favorable to them, they release it freely," the House staff member says. He predicts that when tests are completed on the new Bradley fighting vehicle, the results will be classified. With 4,000 of these "rolling ammo dumps" already in production, he

says, the Army will be highly embarrassed if details of their shortcomings come to light.

The Pentagon's legendary turf wars can also play a role in the process by which information is declared secret. "You classify a project in order to prevent those you are competing against for budgets and status from finding out enough to criticize your project," says a Senate staff member familiar with defense procurement. "It's part of empire building. If they can get their program classified, then no one else can put their meddling hands on it." Perhaps most important of all, classification connotes importance; prestige and status flow to those involved in projects that are highly classified.

Studies of this problem have been highly suggestive. In 1981, for example, the General Accounting Office analyzed 235 classified documents from defense contractors, finding that while 10 percent contained information that was underclassified, most contained information that was overclassified. Multiplied thousands of times over, this tendency can produce a staggering amount of "secret" paper. More than 19.5 million new pieces of information were classified last year, a 9 percent increase over 1983.

In theory, there is a brake on the classification system, called the Information Security Oversight Office (ISOO). But with a staff of 12 and a budget of \$600,000, it isn't equal to the task. The Reagan administration's obsession with secrecy, moreover, has made the ISOO's staggering workload yet more difficult.

The administration has embarked upon a secrecy build-up to go along with its arms build-up, as though there were an automatic connection between making more information secret and improving national security. For instance, the Carter administration launched a much-needed program to control pointless classification; information was to be labeled secret only if its release would cause "identifiable damage to the national security." The Reagan administration has killed that policy. Now, officials don't have to specify the harm they foresee; they merely have to declare that disclosure would endanger the national security—period. Reagan has also eliminated Carter's order that the government's desire for secrecy be balanced against "the public's interest in access to government information." On top of that, Reagan has ordered the delay of a project, begun under President Nixon, of declassifying old, irrelevant documents. More than twice as many pages of material were declassified during the last two years of the Carter policy compared

to the first two years of Reagan's.

Just as bigger Pentagon budgets and fancier "gold-plated" weapons don't necessarily provide better defense, more classified information doesn't automatically improve our national security. In fact, the opposite can result. For one thing, classifying so many documents can cheapen the designation. "Everything can't be that secret, so people treat nothing as secret," Senator Durenberger observed. Another result is the need for more clearances for the employees who handle classified information. It's reached the point where even Pentagon officials seem to draw a distinction between processing clearances and guarding the national security. "With all these applications, we now seem to be in the business of clearing people, not of finding potential security risks," one such official told *The New York Times*.

### ***Clear 'em all***

If all the people getting security clearances really needed them, we'd just have to live with it. But Steven Garfinkel, head of the ISOO, acknowledged in a recent statement to the Senate Government Operations Committee that "the number of national security clearances among executive branch employees far exceeds the number of employees who require access to classified information to do their jobs." An example: in 1980, the Air Force conducted an audit of 11 units of its weapons development and testing bureaucracy and found that all of the personnel surveyed had top secret or sensitive compartmented information clearances, when only 50 percent actually needed them.

Hyper-classification of documents is not the only reason for such excesses. In the federal bureaucracy, clearances have a significance quite apart from the security function they are supposed to serve. For one thing, they become a vehicle of bureaucratic advancement. If you are a federal employee in a defense-related agency, you realize that your spectrum of potential promotions is wider if you are eligible for jobs that are classified. The natural inclination is to press for the maximum clearance you can get. If you are a supervisor, you want the largest possible pool of promotable subordinates from which to choose. Thus, your incentive is to clear everyone to the highest possible level, even if some jobs do not involve handling sensitive material.

Often, clearances are based not on what an employee actually does but on job descriptions,

which in government are notoriously inflated. Even attorneys at the Department of Education were required to have full background investigations, until two of them challenged this rule successfully last year. Sometimes, it's a simple question of status and feeling important. Stansfield Turner, who headed the CIA in the Carter administration, tried to freeze the number of clearances in his agency, "but the pressure became so intense that after three years I had to relax it," he said recently. "In many cases people kept their clearances just as a matter of prestige."

The biggest abusers may be the defense contractors, whose top secret clearances—the kind that require full field investigations—have tripled in recent years. Burgeoning high-tech weapons research accounts for some of that increase, but much of it is plainly excess. One Pentagon study cited the finding by a private survey of 2,360 contractor employees with top secret clearances that more than half had had no contact whatsoever with classified information in the preceding 18 months. The study estimated that probably "no more than 35,000 to 40,000 of the 115,000 contractor personnel cleared at the top secret level have ever had access to top secret information."

Like the bureaucrats, the private contractors can use the clearance process to angle for advantage. "It's in their interests to get as many people cleared and to keep them cleared whether they now have classified contracts or not," says Britt Snider. "If they plan to compete for contracts in the future, it puts them in a better position." The Defense Investigative Service is supposed to screen these requests from contractors for clearance investigations, but it generally rubber-

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stamps them for lack of time and staff. The government ends up expending time and money clearing people to sit around waiting for contracts that may never arrive.

Complicating matters further are the "multiple clearances" required when contractors do work for different agencies. Clearances are supposed to be reciprocal, but the agencies don't always accept fully the investigations done by someone else. "You wind up doing separate paperwork for the same people," says Larry Howe, a corporate security official with Science Applications International Corporation, a California defense contractor. "The reigning attitude is 'No one can do it as well as we can. We'll do it ourselves.'"

### ***Hear no evil***

All of these requests for clearances end up on the shoulders of investigators who have more work than they can handle.

Out of necessity, the whole system stresses quantity over quality. "There's a big pressure for agents to produce and for their supervisors to show that they've turned out so much work in such a period of time," explains Britt Snider. By some accounts, there is a tendency to avoid troubling information rather than to seek it out. "I had agents who used to go in and say to interviewees, 'You don't know anything bad about so-and-so, do you?'" says one former OPM investigator. A former case supervisor recalls, "Sometimes we'd get stuff back from investigators with so many holes in it that we'd want to send it back. But with managers on our backs to keep things moving and the delays involved,

we had to decide whether to send the case back and wait another six months for it to be redone or simply pass it on. Most of the time we passed it on."

This "crank 'em out" attitude helps explain why last year the Pentagon denied or revoked only about 1 percent of the number of clearances it issued—fewer than 11,000 out of 895,000. For the civilian agencies, the rejection rate has been even lower, about .01 percent from 1980 to 1984. Not an awfully impressive record, even assuming that the mere existence of the clearance process prevents some undesirables from applying. "I can't believe that that's showing enough care," said Senator Patrick Leahy, ranking Democrat on the Senate Intelligence Committee.

To be sure, clearance overload is not the only obstacle facing the investigators. An increasing number of engineers and other high-tech experts working for defense contractors are immigrants whose backgrounds are difficult if not impossible to check. On top of that, many states deny the Defense Department access to data on criminal arrests (as opposed to convictions), and no federal law requires the states to provide this information. Similar problems arise in checking employees' financial status—especially troubling in light of the increasing amounts the formerly niggardly Soviets are now paying for stolen military information. "It used to be if you got five grand out of the Soviets, you were doing well," a CIA official recently told columnist Jack Anderson. "Now they're giving out 20, 30, 50 and even 75 thousand dollars like it's nothing." Bank accounts are off limits, unless the applicant signs a waiver (which generally is not required). "You wind up giving more information on your private finances to a bank officer for a car loan than you do to the government for a clearance," says one former investigator.

The federal Privacy Act poses yet another problem. Intended to protect innocent citizens against smears on their character, it has the side effect of impeding the collection of information on possible spies. The Act entitles the subject of a federal clearance investigation to see a copy of his file, including the statements of all the people who were interviewed. Investigators are required to warn sources that their statements may be revealed under the Act in this manner. Technically, a source can request confidentiality, and investigators can grant it on the spot. But people are understandably wary. In some cases, files have been put together so carelessly that confidential sources were exposed.

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One federal judge said that he didn't know of a single colleague on the federal bench who would provide uncomplimentary information regarding an applicant for federal employment. Former employers are reluctant to provide anything beyond a simple confirmation of employment. (The problem is not confined to security clearances; fearing lawsuits, former employers have become tight-lipped on employment references as well.)

Investigators are worried about lawsuits, too. A 1980 federal case set a precedent that they can be held personally liable for damages if they exceed the bounds of their authority. Even though such lawsuits rarely succeed, investigators fear they will be the exception to the rule and lose their shirts in the process. "There is a perception in the field that investigators can't do much," says a Senate staff counsel familiar with the issue. "They can, but not knowing the letter of the law, they are needlessly restrained by fear."

"What it all means is that we catch as catch can," says George Wóloszyn, director of investigations for OPM. "We usually get the information we need, but there are gaps, significant gaps, and we know it and somebody who's trying to evade our process knows it."

While the job has been getting harder, the agencies have been downgrading the status of the people who do it. At the OPM, for example, investigators now start at the GS-5 level—which pays about \$12,500 per year—down from the GS-7 level in the fifties. Almost all investigators used to be college graduates; many were lawyers. Today investigators don't even need a B.A. If the agencies aggressively sought people with talent, degrees would be superfluous, but a 1983 survey of investigators in the Defense Investigative Service showed that 40 percent of those polled judged the caliber of new recruits in their organization to be "extremely low." "There's been a general diminution of ability," confirms one 30-year OPM veteran, now retired. "There are only a small number who can conceptualize what they are supposed to be doing. Only a few who can develop information, recognize the significance and know what to do with it."

The promotion tracks at the clearance agencies, moreover, encourage the best people to get out of investigative work rather than to strive to do their jobs better. The top grade level for investigators is only GS-11. To move any higher, you have to go into management. "This lessens the sense of importance and meaning that investigators in the field tend to feel," says one retired

OPM investigator. "They see their job as secondary in the overall scheme." To make matters worse, investigators climb the ladder more by meeting quotas than by doing a thorough job. "In the old days, when there was a career interest in investigations," says the 30-year veteran, "they were more conscientious."

### ***Patriotic traitors***

Mounting backlogs and cursory investigations are two results of an overloaded security clearance system. A third, and most grievous of all, is the dramatic cutback in periodic updates that ensure that individuals already cleared are still worthy of trust. We are neglecting maintenance in order to keep the system running.

Most traitors today are not Soviet sympathizers along the lines of Julius and Ethel Rosenberg, who were executed in 1953 for passing secrets related to the atom bomb. Motives tend to be personal rather than ideological.

"I don't know of a single [espionage] case in the last 15 years where ideology had a role at all," Bobby Ray Inman, former deputy director of the CIA, said recently on "Face the Nation." Sometimes it's a yen for excitement, a desire to play James Bond. More often, it's the profit motive. "We don't see ideological motives," Bill Baker, an FBI spokesman, says of the Walker case. "All we see is cash."

Take William Holden Bell, an employee at

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Hughes aircraft who was convicted of espionage in 1981. Bell had lost a son, gone through a divorce and remarriage, and was deeply in debt. He was recruited by a Polish intelligence agent who, it was reported, reminded him of his son; he wound up passing along classified weapons data for two years. Another example is the recent case of James Cavanaugh, a technician at Northrup Aircraft who had a secret-level clearance to work on the Stealth bomber. Cavanaugh was in line for a promotion to a job that required a top secret clearance, and, being deeply in debt, he feared that he wouldn't qualify. His solution was to try to sell classified information to Soviet spies, who it turned out, were undercover FBI agents.

Security risks like these usually develop in the course of the individual's career. They don't show up, like membership in the Communist party, through examination of an individual's past. Thus the original background check, while still necessary, is of limited use. Accordingly, the government is supposed to reinvestigate each top secret and sensitive compartmented information clearance every five years. In practice, the Defense Department concedes, it's more like once every 17 years. The system is so bogged down that from 1981 to 1983, the Defense Investigative Service had to put all reinvestigations on a complete hold.

Even when the government does reinvestigate these days, it's generally a quick national agency check of criminal and other records, without a thorough examination in the field. Given these difficulties it should come as no surprise that people with lower-level, secret clearances are not being reinvestigated at all. In defense plants, a great deal of sensitive information is classified as "secret," making the casualness of the clearance process at that level especially worrisome.

The Walker case is a pointed illustration of the dangers of neglecting reinvestigations. By most accounts, John Walker Jr. was a political conservative who had even done organizing for the Ku Klux Klan. His former wife told the *Los Angeles Times* that he started spying because he needed money for a failing restaurant in which he had invested. Walker had received his top secret clearance in 1965 and held it until he retired from the Navy in 1976. Allegedly, he had been spying for the Soviets for most of those years, but had never been reexamined. His brother, Arthur, also had a top secret clearance that had never been reinvestigated.

The Walker case is not the only example of espionage in recent years that might have been

prevented by more diligent reexaminations. Another is the case of Ruby Schuler, an executive secretary at a Silicon Valley defense contractor, who stole documents relating to the Minuteman missile and the ICBM. Schuler's husband, a freelance engineer named James Harper, sold these documents to Polish intelligence agents for upwards of \$250,000. Schuler's secret clearance had never been reinvestigated, even though she was known to associates as an alcoholic who often carried a flask of vodka in her purse.

Spies like these are an even greater threat to our country than the old kind were. Gene R. LaRocque, a retired admiral, points out, that while there aren't that many Trotskyites running loose, "the people who want a little more cash are legion." Yet, our federal clearance policies haven't kept up with this threat. Largely from the crush of work, the process dwells more upon what an individual was like ten years ago—ideologically or otherwise—than on what they are like today. "We are so busy looking for symptoms of bad character in someone's past behavior that we are prone to overlook the lonely guy in mid-life crisis who could really hurt us," says Larry Howe, the industrial security specialist.

Recognizing this problem, the CIA and the other intelligence agencies have a policy of rigorous reexamination of their employees. "You have to worry about their change in motivation over time," says Stansfield Turner. "You have a guy who enters government service as a young man who is fine. But just because he was loyal 25 years ago when he joined doesn't mean he will be forever."

It seems straightforward enough. But the rigorous updating of clearances that is routine in the intelligence community is the exception rather than the rule. The other agencies aren't blind. They are overwhelmed by too many classified secrets and too many people with clearances.

A number of people in Washington are coming forward with solutions, some of which make sense. Sam Nunn has proposed that the government start to bill defense contractors for the cost of conducting clearances and that the president reward both contractors and government agencies that reduce their clearances by putting them at the front of the line for the ones they do request. These would be good initial steps. But the greater challenge is to eliminate, or at least reduce, the bureaucratic and personal pressures that produce too much classification, too many clearances, sloppy investigation, and too little reinvestigation. ■